

November 12, 2002

BY FEDERAL EXPRESS

A.T. Blackshear, Jr., Esq.
Chairman, Executive Committee
Fulbright & Jaworski, L.L.P.
1301 McKinney Street, Suite 5100
Houston, TX 77010

Re: October 30, 2002, Press Release of HealthSouth Corporation (the "Press Release")

Dear Mr. Blackshear:

I am Executive Vice President and Corporate Counsel for HealthSouth Corporation (the "Company"). This letter is to confirm that Fulbright & Jaworski L.L.P. ("Fulbright") reviewed and approved the Press Release before the Company issued it. Given Fulbright's recent demand that the Company issue an additional press release on November 4, 2002, the Company wanted to ensure that you and your partners are fully aware of the relevant facts surrounding the Press Release's issuance. The Company appreciates Fulbright's efforts to look into various Company issues and its on-going representation of the Company before the U.S. Securities & Exchange Commission. We are confident that you will find the facts explained below to be helpful.

Please note the following:

- On October 29, 2002, Fulbright's lead partner (the "Lead Partner") presented a report to the Company's Board of Directors that contained the conclusions directly quoted in the Press Release. Immediately following the presentation to the Board, while the Lead Partner was still participating in the Board meeting, Lanny Davis, one of the Company's other outside counsel, explained to the Board that the Company would issue a press release on October 30, 2002, that characterized such report as having "cleared" Chairman Scrushy of having certain knowledge before certain transactions occurred. At no time during this Board meeting did the Lead Partner object to the Company or Mr. Davis characterizing Fulbright's findings in such manner.
- During the Board meeting on the morning of October 29, I sent a draft of the Press Release to the Lead Partner and he provided comments soon thereafter. I so informed Mr. Davis of this fact in the afternoon of October 29. At no time did the Lead Partner:
(a) object to the Press Release's headline or to the Press Release's characterization of the

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Fulbright report as having "cleared" Chairman Scrushy, both of which remained substantially the same in the early drafts and in the final Press Release; or (b) request that additional language (such as the language contained in the last paragraph of the November 4th press release) be included in the Press Release.

- On the morning of October 30, 2002, Lanny Davis proposed to the Lead Partner that the Press Release contain a quotation concerning the methodology of the Fulbright study by the Lead Partner and e-mailed to the Lead Partner a draft of the Press Release. While the Lead Partner replied that he could not be quoted in the Press Release, the Lead Partner, having again seen another draft of the Press Release, neither: (a) objected to the Press Release's headline or to the Press Release's characterization of the Fulbright report as having "cleared" Chairman Scrushy; or (b) requested that additional language be included in the Press Release. *Please see the attached copy of the relevant e-mails.*
- At 2:49 p.m. on October 30th (all times are Eastern time), I distributed a revised draft of the Press Release to numerous individuals, including the Lead Partner, and explained that the Press Release would be issued at 4:10 p.m. The Lead Partner responded to the e-mail electronically and stated that he was pleased "to hear that the issuance of the press release will occur AFTER the close of the markets today as this should allay NYSE concerns." As you will note, the Lead Partner in that e-mail provided no additional comments on the Press Release and did not: (a) object to the Press Release's headline or to the Press Release's characterization of the Fulbright report as having "cleared" Chairman Scrushy; or (b) request that additional language be included in the Press Release. *Please see the attached copy of relevant e-mails.*
- Between 3:00 p.m. and 4:00 p.m. on October 30, Chairman Scrushy and Lanny Davis spoke with the Lead Partner at the same time on the phone and the Lead Partner informed them that the Press Release was "fine."
- On Lanny Davis' request, the Lead Partner agreed to provide a Fulbright spokesperson to confirm to reporters that the quotation from the Fulbright report (containing a portion of the section of the Fulbright report entitled "Conclusion") included in the Press Release was accurate. The Lead Partner introduced such a spokesperson to Mr. Davis and participated in several telephone calls between the two. At no point during these telephone calls did the Lead Partner or the Fulbright spokesperson: (a) object to the Press Release's headline or to the Press Release's characterization of the Fulbright report as having "cleared" Chairman Scrushy; or (b) request that additional language be included in the Press Release.
- Shortly before the Company's issuance of the Press Release on the PR Newswire, the Lead Partner called Mr. Davis and requested that a change be made to the Press Release's quotation of the Fulbright report. Specifically, the Lead Partner requested that the quotation include the first sentence of the conclusory paragraph. On Mr. Davis' request, the Lead Partner agreed that an ellipsis be inserted in lieu of the first sentence. The Lead Partner provided no additional comments on the Press Release and neither: (a) objected to the Press Release's headline or to the Press Release's characterization of the Fulbright

report as having "cleared" Chairman Scrushy; or (b) requested that additional language be included in the Press Release.

- At 3:49 p.m. on October 30th, I again distributed electronically a draft of the Press Release correcting typographical errors in the earlier versions. Once again, the Lead Partner provided no additional comments on the Press Release and neither: (a) objected to the Press Release's headline or to the Press Release's characterization of the Fulbright report as having "cleared" Chairman Scrushy; or (b) requested that additional language be included in the Press Release. *Please see the attached copy of the relevant e-mail containing the final form of the Press Release.*
- At 4:10 p.m. Eastern time, the Company issued that Press Release.

We trust that the following three key facts will now be clear to you and your partnership: (1) the Company provided Fulbright with numerous drafts of the Press Release before the Company issued the Press Release, and Fulbright provided comments on the Press Release before its issuance; (2) at no time did Fulbright (a) object to the Press Release's headline or to the Press Release's characterization of the Fulbright report as having "cleared" Chairman Scrushy, or (b) request that additional language be included in the Press Release; and (3) the Lead Partner approved (orally, over the phone, and in writing) the Press Release before the Company issued it.

Thank you for Fulbright's efforts on behalf the Company and its Board of Directors. If you have any questions, please contact Chairman Scrushy or Lanny Davis directly.

Sincerely yours,

William Horton
Executive Vice President and Corporate Counsel

cc: Richard Scrushy

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